

Market Alert

Tuesday 17 December 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5783	0.0015
NZD/AUD	0.9073	0.0019
NZD/JPY	89.070	-1.64
NZD/EUR	0.5497	-0.0036
NZD/GBP	0.4555	0.0016
NZD/CNH	4.2151	-0.0262
AUD/USD	0.6372	0.0002
AUD/EUR	0.6057	-0.0055
EUR/USD	1.0518	0.0095
USD/CNH	7.2887	-0.0634
GBP/USD	1.2693	-0.0013
EUR/GBP	0.8284	0.0081

INT RATES	NZ	Australia
OCR/Cash	4.25%	4.35%
90 day bills	4.29%	4.51%
2 year swap	3.59%	3.88%
10 year Govt	4.57%	4.41%

That's not something you see every day!

Driving into the office this morning, I was surprised to find a huge Doberman keeping up with me while I was driving! Now this left me in a bit of a quandary as it seemed to be all alone. I must admit, I wasn't keen to get out of the car in a futile attempt to apprehend it, but then again, I didn't want to leave it unattended either! Luckily, looking further up the road about 100-yards ahead, I saw a lady opening a gate ... and lucky they seemed to know each other! As I drove by, the dog went through the gate that the lady was holding open ... into the local primary school for a run around the fields. I mean ... what could possibly go wrong?

It was a quiet session overnight

... with little movement of note. US

treasuries firmed a touch, with the 10-years currently trading at the 4.40% level, while the USD-index eased back a touch which saw the NZD and AUD firm 0.3%. Equity and commodity markets were flat with a slight downward bias.

It's not the most startling piece of analysis given the Government and the Treasury have already laid the groundwork suggesting a 'poor' announcement, but the NZIER forecasts today's half year fiscal update will show an underperforming NZ economy. Inflation is projected to fall to 2.1% by March 2025, and to then remain around the RBNZ's 2.0% mid-point, while growth is expected to remain sluggish through to March 2025 before improving to 2.2% over the following year.

NZ service PMIs had a massive spike, firming from October's 46.2 to 49.5, although it should be remembered it's still in contractionary territory. One positive is that it's at its highest since February 2024, while the 2 key sub-indices of Activity/Sales and New Orders/Business are at their highest levels of activity since February. There was a further positive in that the November Food Price Index fell -0.1% following October's -0.9% contraction.

The Australian flash manufacturing PMIs fell from 49.4 to 48.2 in December, while services eased from 50.5 to 50.4. This saw the composite drop from 50.2 to 49.9.

Yesterday saw a large data dump out of China ... retail sales surprisingly slowed from 4.8% to 3.0% in November, which

was disappointing given it was well below expectations, and that the consumer failed to build on the prior month's momentum. New home prices fell -0.2% on the month, used home prices fell by -0.35%, while fixed asset investment growth eased down 0.1% to 3.3%. But despite most of the data coming in a little softer, it is expected China will manage to achieve its 'around' 5.0% growth target for 2024.

Flash US composite PMIs rose from 54.9 to 56.6 in December, which was the index's strongest performance since March 2022. The spike was predominately driven by a service surge from 56.1 to 58.5, although manufacturing eased from 49.7 to 48.3. To emphasise this, NY manufacturing plummeted from 31.2 to 0.2 in December, which was well below forecasts of 12.

Overnight, German, UK, and Eurozone services PMIs all printed on the right side of 50 in expansionary territory, although manufacturing PMIs illustrated a much dimmer outlook with German, UK, and Eurozone prints either flat or were worse than the prior month.

And not a lot of people know that ...

Despite fleeing Syria for Russia, an FT report has uncovered that Bashar al-Assad and his cronies managed to transport around USD250m in cash to Moscow between 2018-2019, flying in banknotes that weighed nearly two tonnes in USD100 and EUR500 notes!



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Daily Rates

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FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	68.70					CAD	0.8223	0.9067
NZD/USD	0.5783	0.0002	0.0005	0.0015	0.0036	CHF	0.5165	0.5696
NZD/AUD	0.9073	0.0001	0.0006	0.0019	0.0044	CNY	4.2121	4.6411
NZD/JPY	89.070	-0.37	-0.90	-1.64	-2.97	DKK	4.0992	4.5183
NZD/EUR	0.5497	-0.0007	-0.0017	-0.0036	-0.0076	FJD	1.3151	1.4495
NZD/GBP	0.4555	0.0002	0.0006	0.0016	0.0034	HKD	4.4945	4.9540
						KRW	831.17	916.15
AU TWI	60.80					MYR	2.5725	2.8355
AUD/USD	0.6372	0.0001	0.0001	0.0002	0.0007	NOK	6.4423	7.1010
AUD/NZD	1.1020	-0.0002	-0.0009	-0.0027	-0.0068	SEK	6.2891	6.9320
AUD/JPY	98.17	-0.43	-1.06	-2.04	-3.75	SGD	0.7797	0.8594
AUD/EUR	0.6057	-0.0008	-0.0024	-0.0055	-0.0114	TWD	18.79	20.71
AUD/GBP	0.5019	0.0001	0.0003	0.0006	0.0012	ZAR	10.32	11.37
USD Index	106.85					EQUITIES		
EUR/USD	1.0518	0.0015	0.0042	0.0095	0.0212		Index	
USD/JPY	154.01	-0.69	-1.69	-3.23	-6.05	NZX50	12,797	
GBP/USD	1.2693	-0.0002	-0.0007	-0.0013	-0.0020	ASX200	8,250	
EUR/GBP	0.8284	0.0013	0.0037	0.0081	0.0180	Dow Jones	43,800	
USD/CNY	7.2836	-0.0193	-0.0537	-0.1173	-0.2472	S&P 500	6,083	
						FTSE100	8,262	
INTEREST		New Zealand		Australia		DAX 30	20,314	
RATES		Mid		Mid		Nikkei	39,457	
30 day bank bills		4.38%		4.38%		COMMODITIES		
90 day bank bills		4.29%		4.51%			USD	
1 year swap		3.78%		4.09%		Brent Crude	73.87	
2 year swap		3.61%		3.89%		Gold	2,654.88	
3 year swap		3.59%		3.85%		Silver	30.60	
5 year swap		3.70%		4.09%		Iron Ore	105.31	
10 year swap		4.04%		4.34%		CRB Index	352.73	
3 year Govt bond		3.84%		3.91%			NZD	
5 year Govt bond		4.06%		4.02%		NZ Carbon	63.00	
10 year Govt bond		4.57%		4.41%				

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